

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 3164 – HB 3717

March 17, 2010

SUMMARY OF AMENDMENT (015415): Deletes all language after the enacting clause. Effective January 1, 2011, requires insurers offering Medicare supplement policies and certificates in this state to persons 65 years of age or older to also offer Medicare supplement policies to persons in the state who are under 65 years of age and eligible and enrolled in Medicare by reason of disability or end stage renal disease with the same benefits, protections, policies, and procedures. Individuals who are under the age of 65 and eligible for Medicare by reason of disability or end stage renal disease may enroll in a Medicare supplement policy at anytime authorized or required by the federal government or within six months after enrolling in Medicare Part B, the date of the notice that the person has been retroactively enrolled in Medicare Part B, the person no longer has access to alternative forms of health insurance coverage, or the person was involuntarily disenrolled from Medicaid or the Children's Health Insurance Program. Authorizes premium rates for the Medicare supplement policies to differ if the differences are based on rate schedules that are based on sound actuarial principles and are reasonable in relation to the benefits provided. Requires the Department of Commerce and Insurance to conduct a study for the purpose of determining the appropriateness of separate premium rates for populations under 65 years of age and shall evaluate whether continued separate premium rates are justified in comparison to any negative rating impact or increase cost in premium that would occur to the Medicare supplement insurance populations taken as a whole if separate rate premiums were not allowed. The study must be conducted on January 1, 2016 and the cost of the study must be borne by the Department within existing resources.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$1,500/One-Time

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in an increase in the cost of health insurance premiums by an amount which exceeds \$100,000 for Medicare supplement plans that do not currently offer coverage to individuals under the age of 65 who are unable to receive Medicare due to disabilities.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

SB 3164 – HB 3717

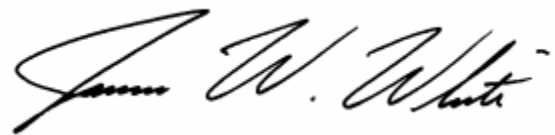
Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation could result in an increase in the cost of health insurance premiums by an amount which exceeds \$100,000 for Medicare supplement plans that do not currently offer coverage to individuals under the age of 65 who are receiving Medicare due to disability or end stage renal disease.

Assumptions applied to amendment:

- The Department of Commerce and Insurance will be responsible for the regulation and enforcement of the provisions of the bill which will be accomplished through the receipt and analysis of revised rates and forms and investigations of complaints for noncompliance. Any cost will not be significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.
- In FY15-16, the Department will have to conduct a study within its existing resources. Any increase in expenditures incurred to conduct the study could result in a decrease in expenditures for other programs and procedures of the Department.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml